
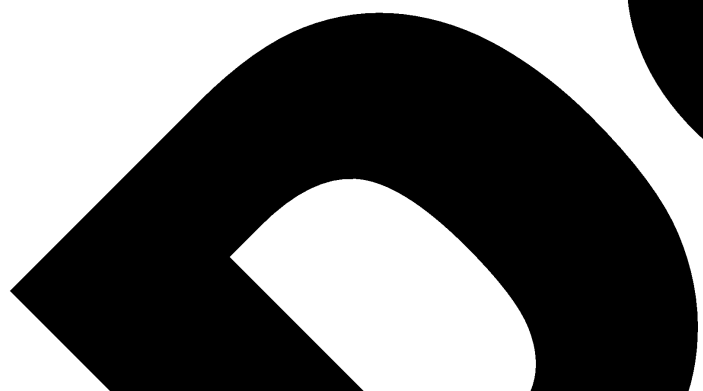


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**DIRECTORATE OF
INTELLIGENCE**

Intelligence Memorandum

Visit of Soviet Shipping Officials to the United States

Secret

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July 1969

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CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
July 1969

INTELLIGENCE MEMORANDUM

Visit of Soviet Shipping Officials
to the United States

Summary

The visit of a delegation from the Soviet Ministry of the Maritime Fleet to the United States early in July appears to be aimed at improving the access of Soviet ships to US ports. The USSR hopes to achieve an easing of US port security restrictions that apply only to ships of the East European countries and the USSR and will probe the intentions of longshoremen in East Coast and Gulf ports to boycott Soviet ships. Resolution of the objections of longshoremen would have to precede any serious discussion of a Soviet passenger line into New York, and easing of port restrictions would be prerequisite to a US-Soviet bilateral shipping agreement. These are both topics in which the USSR has shown an interest.

The USSR has sought since December 1964 through diplomatic and commercial channels to bring about an easing of restrictions on visits by Communist ships to US ports. Until the visit of the *Orsha* to the US West Coast in June 1969, no Soviet merchant ship had visited a US port to load or discharge commercial cargo since 1950, ostensibly because of these restrictions. Ships of East European countries, however, have called at US ports for many years despite these restrictions. The rapid growth of the Soviet merchant fleet, which doubled in tonnage from 1959 to 1964 and now ranks seventh in the world, has resulted in an increased availability of Soviet ships to carry foreign cargo. The carriage of US seaborne trade, the world's largest, offers the USSR an opportunity to widen the utilization of its fleet and to earn hard currency.

Note: This memorandum was produced solely by CIA. It was prepared by the Office of Economic Research and was discussed with the Department of State.

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SECRETDetails of the Visit

1. A delegation of six officials from the Soviet Ministry of the Maritime Fleet is scheduled to visit the United States from 3 July to 10 July on its way home from negotiations in Canada. The delegation, led by Timofey B. Guzhenko, First Deputy Minister of the Maritime Fleet,* will meet with officials of the Maritime Administration and other agencies of the US Government in Washington and with port officials in New York and Baltimore. Other key personnel in the delegation include Igor M. Averin, Chief of the Ministry's Department of Foreign Relations, and Aleksandr' A. Savel'yev, Chairman of Sovfracht, the organization responsible for Soviet ship chartering.

2. According to a Ministry spokesman, the visit is intended to "develop informal contacts with private and official organizations concerned with US commercial ports" and its main objective is "to ascertain the feasibility of arranging for some calls by Soviet merchant vessels at US ports." Until the visit of the *Orsha* to the US West Coast in June 1969, no Soviet ship had called at a US port to load or discharge commercial cargo since 1950.

Soviet Exclusion from the Movement of US Seaborne Trade

3. Although the failure of Soviet ships to call at US ports has been attributed by Soviet officials to US port security regulations introduced in 1950 that apply only to Communist ships, Soviet pride appears to be the governing factor. Ships of East European Communist countries have been carrying cargoes into and out of US ports for many years within the framework of these regulations. Another deterrent to Soviet shipping is the long-standing threat of the International Longshoremen's Association (ILA), which controls dockers in East Coast and Gulf ports, to boycott any Soviet ship that arrives in ports within ILA jurisdiction to discharge cargo or passengers. No such threat exists on the West Coast, which is under the jurisdiction of the International Longshoremen's and

* *Guzhenko replaced Victor G. Bakayev, Minister of the Maritime Fleet, who, before he became ill, was to lead the delegation*

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Warehousemen's Union (ILWU); yet no Soviet merchant ships had visited those ports until the call by the *Orsha*.

4. The port security regulations, which the USSR regards as offensive and discriminatory, originally required mandatory search and surveillance of all "Soviet Bloc" ships, visa applications for the crew by a prescribed deadline (if they were to be allowed ashore), and 30 days' advance notice of arrival.* At the same time, calls by these ships were restricted to 12 ports on the East, Gulf, and Pacific Coasts unless special authorization was granted. The USSR has also complained about US legislation designed to discourage foreign ships from trading with various Asian Communist countries and Cuba. Under this legislation, Soviet ships chartered to Cuba or Asian Communist countries are denied access to US ports; Soviet ships that have called in Cuba since 6 February 1963 are ineligible to carry US government-sponsored cargoes; and Soviet ships en route to or from Cuba or Asian Communist countries are barred from purchasing bunkers, spare parts, or replacement equipment in US ports.

Increased Soviet Efforts to Carry Foreign Cargoes

5. Until the USSR undertook an ambitious program to expand its merchant fleet in the 1960's, there was little incentive for challenging the US port security regulations. The volume of US-Soviet trade was small, and few Soviet ships were available to carry cargoes outside of Soviet seaborne foreign trade. As a result of the doubling of the fleet's tonnage from 1959 to 1964, the USSR began to make additional ships available for chartering outside of the Soviet trade** and to operate cargo liner services on routes where foreign cargoes predominate.

6. As the USSR aggressively sought foreign cargoes to increase the utilization of its fleet

* This requirement was lowered to seven days in October 1967.

** Exports make up approximately 90 percent of the tonnage of Soviet seaborne foreign trade. Soviet ships returning from the delivery of exports are thus frequently available to carry foreign cargoes under voyage charter between ports along the way.

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and to earn hard currency, it initiated efforts to obtain membership for Sovfracht in the Baltic Exchange* and membership for the Soviet Baltic Steamship Company in the Baltic and International Maritime Conference.** The USSR also became a vocal critic of nations practicing flag discrimination and began to initiate bilateral shipping agreements with France, the United Kingdom, Spain, and the Netherlands. In the only previous bilateral shipping agreements signed by the USSR -- with India in 1956 and with the UAR in 1958 -- the movement of cargo between the contracting parties was restricted to ships of those countries, with ships of third countries effectively excluded. In the agreements with France and the United Kingdom, signed after prolonged negotiation in 1967 and 1968, respectively, the right of ships of third countries to participate in trade between the contracting parties is emphasized.

Soviet Efforts to Ease US Restrictions

7. In 1964 the USSR began a campaign to ease the US restrictions on calls by Communist ships at US ports. In August 1964 the Soviet Ministry of the Maritime Fleet asked the Moore McCormack Lines in New York, who have represented the USSR on shipping matters in the United States since World War II, about the feasibility of a Soviet passenger line into New York.*** In December 1964, while discussions on the possible passenger line to New York were still under way, Igor Averin called at the US Embassy in Moscow to ask for a clarification of US port security regulations. At that time, Soviet emphasis appeared to shift from establishment of the line to attempts to ease US restrictions.

8. Since that time the USSR has resorted to a variety of arguments and maneuvers to change the US position. In January 1969, the Soviet Government imposed retaliatory restrictions on the few US ships

* A London institution that serves as the chief center for world ship chartering activity.

** The leading international organization of owners of ships available for charter (tramp vessels) and of ship charter brokers.

*** At that time the USSR was preparing to take delivery from East Germany of the first of a series of new 750-passenger Ivan Franko-class liners, suitable for service on the North Atlantic run.

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(mostly cruise vessels) that call in their ports. In April 1969 an official of the Soviet Ministry of Foreign Affairs indicated to US Embassy personnel in Moscow that the USSR intended in the near future to raise the question of "improving conditions under which Soviet merchant ships enter US ports." He also referred again to the possibility of a Soviet passenger line into New York.

9. The USSR has good reason to be interested in the carriage of US seaborne foreign trade, which amounted to 433 million tons in 1968, more than 20 percent of the world's total. More than 90 percent of this trade moves on foreign-flag ships. In 1968, Soviet tankers with space for 3.5 million tons of cargo returned in ballast to Soviet Baltic and Black Sea ports from the delivery of petroleum to Cuba. If these ships had been able to participate in the large movement of grain from US Gulf and East Coast ports to Europe, they could have earned approximately \$13 million of additional revenue. Soviet cargo lines between Europe and Canadian ports on the St. Lawrence and the Great Lakes and between Japan and Canadian West Coast ports could both increase their profitability by including US ports on their itineraries. Access to the lucrative passenger cruise business out of US ports would undoubtedly be profitable to the three modern *Ivan Franko*-class passenger liners that the USSR charters out the year around to foreign travel agents.

Possible Emphasis in Discussions of the Soviet Shipping Delegation with US Officials

10. It appears that the focus in Soviet conversations at the Port of New York Authority and with port officials in Baltimore will be on the problem of negotiating a withdrawal of the ILA threat to boycott Soviet ships. In Washington the stress is almost certain to be on the removal of US restrictions. The voyage of the *Orsha* to the US West Coast in June probably signaled only a momentary willingness of the USSR to conform to the restrictions it finds so onerous and not an abandonment of the fight against these restrictions. These restrictions, however, would not preclude the establishment of a Soviet passenger line into New York.

11. No discussion of a bilateral US-Soviet shipping agreement similar to those signed by the

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USSR with France and the United Kingdom could be undertaken without a prior resolution of the question of port restrictions. The Soviet agreements with the French and the British explicitly state that the treatment of the ships of one country in the ports of the other shall be equivalent to the treatment the host country affords its own ships and that the only ports to which the ships of the contracting parties are denied access are those denied to all foreign ships. The agreements further stipulate that there are to be no visa requirements for seamen who want to go ashore in the ports of the other country nor are any identification papers to be required other than those normally carried by these seamen. Inclusion of such provisions in a US-Soviet shipping agreement would require changes in both administrative regulations and laws passed by Congress.

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